

P.O. Box 5158
Madison, WI 53705-0158
301 S. Westfield Road
Madison, WI 53717

Telephone: (608) 845-4000
Fax: (608) 845-4184

TDS TELECOM

Government and Regulatory Affairs

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September 11, 1996

EX PARTE OR LATE FILED

Ex Parte

William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, DC 20554

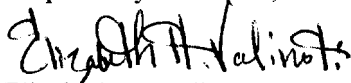
Re: CC Docket 96-45, In the Matter of Federal-State Joint Board on Universal Service

Dear Mr. Caton:

On September 10, 1996, Mr. Paul Pederson of the Universal Service Joint Board made a presentation at the TDS TELECOM Annual Regulatory Conference in Madison, Wisconsin. Mr. Pederson described the composition and duties of the Joint Board and explained current universal service mechanisms and how they must be revised to comport with the Telecommunications Act of 1996.

Enclosed herewith are the documents Mr. Pederson provided to the TDS TELECOM staff attending the conference. I have enclosed two copies of this notice and attachments in accordance with sections 1.1206(a)(1) and 1.1206(a)(2) of the Commission's rules. Please date stamp and return the provided copy in the enclosed self-addressed, stamped envelope.

Respectfully submitted,



Elizabeth H. Valinoti
Manager
External Relations

Attachments

cc: P. Pederson

No. of Copies rec'd
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BIOGRAPHICAL INFORMATION

NAME Paul E. Pederson, P.E.
Federal Telecommunications Policy Advisor
Missouri Public Service Commission

EDUCATIONAL BACKGROUND

Received a Bachelor of Science degree in Civil Engineering, 1993, from the University of Missouri at Rolla, Missouri. Paul's son, Dave, is a freshman in Civil Engineering also at the University of Missouri - Rolla.

PROFESSIONAL ORGANIZATIONS and POSITIONS

Registered Professional Engineer in the State of Missouri and a member of the Missouri and National Societies of Professional Engineers.

Past President of the Jefferson City Chapter of Missouri Society of Professional Engineers (MSPE). 1985 Young Engineer of the Year-Jefferson City Chapter-MSPE. Past Chairman of MSPE's Long Range Financial Planning Committee and Past member of MSPE Board of Directors.

Past Chairman of the Federal/State Joint Conference Staff (410(b))-Joint Board on Open Network Architecture, CC Docket 88-2.

Member of the Federal/State staff on the Separations Joint Boards, CC Dockets 80-286 and 87-339.

Staff Chairman of Federal/State Joint Board in CC Docket 96-45, Universal Service.

President of the National Conference of Regulatory Utility Commission Engineers (NCRUCE).

Member of the NARUC Staff Subcommittee on Communications. Past Staff Chairman of the Technology Policy Subcommittee on Communications. Currently Vice-Chairman.

WORK EXPERIENCE

Worked for the Missouri Highway and Transportation Department as a Traffic Engineer in the St. Louis District Office and Jefferson City Main Office prior to employment in 1981 as the Assistant Director-Telecommunications Staff of the Missouri Public Service Commission.

In March 1988, Paul assumed his current position on the Commission Staff dealing with Federal telecommunications policy matters and serving as a liason for the MoPSC to the FCC and Congress.

Mr. Pederson has provided expert testimony in numerous cases before the Missouri Public Service Commission and prepared and presented comments on numerous matters before the FCC.

OTHER FACTS WHICH MIGHT BE OF INTEREST

Married to Julie (Dietitian) and has three children; Dave 20, Mark 16, and Heidi 13.

Played Div II Basketball & Tennis at the University of Missouri-Rolla.

Coached daughter, Heidi, on '96 School's Girls Basketball this season (16-1)

Member of the School Board at Trinity Lutheran School, Jefferson Cy.

TELECOMMUNICATIONS ACT OF 1996

BOTH HOUSES OF CONGRESS PASSED ACT ON FEBRUARY 1, 1996
PRESIDENT CLINTON SIGNED ACT ON FEBRUARY 7, 1996

UNIVERSAL SERVICE REQUIREMENTS ON SECTION 254 & 214(E)

REQUIRES FCC TO ASSIGN ISSUES TO JTBRD W/ 1 MONTH OF ENACTMENT

REQUIRES A CONSUMER ADVOCATE BE ASSIGNED TO THE JTBRD

REQUIRES JTBRD RECOMMENDATION TO FCC W/ 9 MONTHS OF ENACTMENT

Presentation to TDS 9-10-96

CONGRESSIONAL PRINCIPLES FOR UNIVERSAL SERVICE

- 1) Quality services at just, reasonable & affordable rates
- 2) Access to Advanced Services in All regions
- 3) Access for low income consumers & rural consumers
- 4) Equitable and nondiscriminatory contributions by all providers
- 5) Specific and predicable support mechanisms
- 6) Access to advanced telecom services for Schools, Libraries, & health
- 7) Other principles that the Joint Board finds necessary & appropriate

Presentation to TDS 9-10-96

UNIVERSAL SERVICE

IN A COMPETITIVE ENVIRONMENT

- Competition
- Universal Service

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COMPETITION IN TELECOM INDUSTRY

- Customer Provided Equipment
- Inside Wire
- Long Distance
- Local Service

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UNIVERSAL SERVICE

- Access to Long Distance
- Local Service
- "96 Telecom Act
 - Beneficiaries
 - High Cost Areas
 - Low Income
 - Schools & Libraries
 - Rural Health Care
 - Competitive Environment

Presentation to TDS 9-10-96

FCC/STATES - FEDERAL STATE JOINT BOARD UNIVERSAL SERVICE

CC DOCKET 96-45

Presentation to TDS 9-10-96

JOINT BOARD OVERVIEW

"any proceeding regarding the jurisdictional separation of common carrier property and expenses between interstate and intrastate operations"

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JOINT BRD OVERVIEW DISCRETIONARY REFERRALS

"any other matter...of joint Federal-State concern"

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UNIVERSAL SERVICE JOINT BOARD MEMBERS

- CHAIRMAN REED HUNDT, FCC CHAIR OF JTBRD
- COMMISSIONER KEN MCCLURE, MoPSC, STATE CHAIR OF JTBRD
- COMMISSIONER SUSAN NESS, FCC
- COMMISSIONER JULIA JOHNSON, FL PSC
- COMMISSIONER RACHELLE CHONG, FCC
- COMMISSIONER LASKA SCHOENFELDER, SD PUC
- MARTHA HOGERTY, PUBLIC COUNSEL, Mo
- COMMISSIONER SHARON NELSON, WA UTC

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UNIVERSAL SERVICE JOINT BOARD

STATE STAFF

- PAUL PEDERSON, MoPSC - CHAIR
- ELLEN BENNER, ID PUC RESIGNED 8-2-96
- CHARLES BOLLE, SD PUC
- LORE KENYON, ALASKA PUC
- DEB KRIETE, PENN PUC
- MARK LONG, FL PSC
- SAM LOUDENSLAGER, AR PSC
- SANDRA MAKEEFF, IOWA UB
- PHIL MCCLELLAND, PA CONSUMER AD
- MIKE MCRAE, DC PEOPLES COUNSEL
- TERRY MONROE, NY PSC
- BRAD RAMSAY, NARUC
- LEE PALAGYI, WA UTC
- BRIAN ROBERTS, CA PUC
- BARRY PAYNE, IN PEOPLES COUNSEL

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UNIVERSAL SERVICE JOINT BOARD

FCC STAFF

- JEANINE POLTRONIERI, FCC STAFF CHAIR
- JOHN NAKAHATA, HUNDT'S LEGAL ADV.
- JAMES CASSEPLY, NESS'S LEGAL ADV.
- DAN GONZOLAS, CHONG'S LEGAL ADV.
- JOHN CLARK, FCC
- BRYAN CLOPTON, FCC
- IRENE FLANNERY
- CHUCK KELLER, FCC
- DAVID KRECH, FCC
- DIANE LAW, FCC
- ROBERT LOUBE, FCC
- JOHN MORBITO, FCC
- MARK NADEL, FCC
- GARY BEIGEL, FCC
- PAM SZYMCAK, FCC
- WHITEY THAYER, FCC

Presentation to TDS 9-10-96

96-45 SUPPORT FOR RURAL, INSULAR & HIGH COST

- GOALS & PRINCIPLES
- SPECIFIC SERVICES TO SUPPORT (WILL ADDRESS LATER)
- QUALIFICATIONS FOR SERVICES
- ESSENTIAL TO EDUCATION, HEALTH, OR SAFETY
- DOES MAJORITY OF RES. CUSTOMERS HAVE SERVICE
- IS SERVICE DEPLOYED
- SERVE PUBLIC INTEREST, CONVENIENCE & NECESSITY
- METHOD FOR CALCULATING SUPPORT
- END-USER PRICES
- AFFORDABILITY
- SPECIFIC METHOD, I.e. BENCHMARK, OTHER PROXY, COMPETITIVE BIDS
- PROPOSALS IN 80-285 PROCEEDING, SEPARATIONS
- METHOD OF DISTRIBUTION
- TRANSITION ISSUES (CAP & EXISTING FUNDING)
- ELIGIBILITY OF CARRIERS SUPPORT
- ELIGIBLE TELECOM CARRIERS
- USE OF SUPPORT & PROTECTING AGAINST CROSS-SUBSIDIES
- ADVERTISEMENT OF SERVICES & CHARGES W/ STUDY AREA
- DEFINITION OF STUDY AREA AND SERVICE AREA
- FEDERAL & STATE DESIGNATION OF CARRIER FOR UNSERVED AREAS
- RELINQUISHMENT OF ELIGIBILITY DESIGNATION

Presentation to TDS 9-10-96

UNIVERSAL SERVICE

RURAL, INSULAR AND HIGH COST AREAS

- VOICE GRADE ACCESS TO NETWORK
- TOUCH TONE
- SINGLE PARTY RESIDENCE & BUSINESS SERVICE
- ACCESS TO EMERGENCY SERVICE (E-911)
- ACCESS TO BASIC OPERATOR SERVICES
- INTEREXCHANGE SERVICES
- OTHER SUGGESTIONS IN COMMENTS INCLUDE:
- WHITE PAGE DIRECTORY, LOCAL DIRECTORY ASSISTANCE, EQUAL ACCESS, INTERNET ACCESS, TOLL BLOCKING, AVAILABILITY OF CLASS, CUSTOM CALLING FEATURES, IMPLEMENTATION OF LIFELINE, ELIMINATION OF MILEAGE/ZONE CHARGES, 56 KBPS TRANSPORT, SERVICE PROBLEM REPT 7 DAYS/WEEK, FLAT RATE SERVICE FOR RES & BUS

Presentation to TDS 9-10-96

UNIVERSAL SERVICE

LOW-INCOME

- WHAT SERVICES TO SUPPORT
 - VOICE GRADE
 - TOUCHTONE
 - SINGLE PARTY
 - EMERGENCY SERVICES
 - OPERATOR SERVICES
 - FREE ACCESS TO TELEPHONE SERVICE INFORMATION
 - TOLL LIMITATION
 - DEDUCED DEPOSITS
 - WIRELESS
 - OTHER
- DEFINITION OF "LOW-INCOME" CONSUMER
- REASONS FOR LOW SUBSCRIBERSHIP
- COST OF PROVIDING DISCOUNTS & EFFECTS ON COMPETITION
- METHOD FOR CALCULATING SUPPORT
- CHANGES TO EXISTING PROGRAMS i.e. LINKUP & LIFELINE
- EVOLUTION OF SUPPORTED SERVICES
- PUBLICLY AVAILABLE DATA SOURCES TO MONITOR
- TECHNICAL STANDARDS AND PERFORMANCE LEVELS
- FUTURE MONITORING

Presentation to TDS 9-10-96

ADVANCED SERVICES

FOR SCHOOLS & LIBRARIES

- GOALS & PRINCIPLES (CONGRESSIONAL PRINCIPLES)
- WHAT SERVICES TO SUPPORT
 - CORE
 - ADVANCED SERVICES
 - WIRELESS TECHNOLOGIES
 - OTHER ISSUES
- FORMULATION OF DISCOUNT METHODOLOGY & JURISDICTIONAL HARMONY
- TERMS & CONDITIONS
 - USE FOR EDUCATIONAL PURPOSES
 - DEFINING GEOGRAPHIC AREA
 - ENSURING SERVICES ARE NOT RESOLD
 - ELIGIBILITY REQUIREMENTS FOR SCHOOLS AND LIBRARIES
 - DEFINE "BONA FIDE" REQUEST FOR TELECOM SERVICES
- ADVANCED SERVICES, FEATURES & FUNCTIONALITIES
- WAYS TO PROMOTE DEPLOYMENT OF ADVANCED SERVICES
- ENSURING COMPETITIVELY NEUTRAL
- ENSURING TECHNICALLY FEASIBLE AND ECONOMICALLY REASONABLE
- POTENTIAL COSTS OF ADVANCED SERVICES
- CIRCUMSTANCES REQUIRED FOR CARRIERS TO PROVIDE ADVANCED SERVICES

Presentation to TDS 9-10-96

ADVANCED SERVICES

FOR HEALTH CARE PROVIDERS

- GOALS & PRINCIPLES (CONGRESSIONAL PRINCIPLES)
- WHAT SERVICES TO SUPPORT
 - CORE
 - NATURE OF "INSTRUCTION"
 - LIMITING DISCOUNTS TO OUTGOING SERVICES
 - TECHNOLOGY NEUTRAL FUNCTIONALITIES
- DEFINING RURAL
 - ESTABLISHING RATES FOR SERVICES TO RURAL HEALTH CARE PROVIDERS
 - REDUCING ADMINISTRATIVE BURDEN
 - ENSURING RATES ARE REASONABLY COMPARABLE
 - DETERMINING RATE FOR RURAL NON-HEALTH & URBAN HEALTH CARE PROVIDERS
 - DEFINING WHEN SIMILAR BUT NOT IDENTICAL SERVICES ARE COMPARABLE
- DEFINE "BONA FIDE" REQUEST FOR TELECOM SERVICES
- FEATURES & FUNCTIONALITIES
- WAYS TO PROMOTE DEPLOYMENT OF ADVANCED SERVICES
- ENSURING COMPETITIVELY NEUTRAL
- ENSURING TECHNICALLY FEASIBLE AND ECONOMICALLY REASONABLE
- POTENTIAL COSTS OF ADVANCED SERVICES
- CIRCUMSTANCES REQUIRED FOR CARRIERS TO PROVIDE ADVANCED SERVICES
- PREVENTING RESALE OF SERVICES
- ELIGIBILITY FOR SUPPORT
- METHOD OF REIMBURSEMENT

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OTHER UNIVERSAL SERVICE SUPPORT MECHANISM

CCL/SLC REVISION

DEM WEIGHTING

LTS PAYMENTS

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Annual Cost of Universal Service Under the Act

\$1.4 - \$21 Billion
(based on record)

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Size of Fund

Service	low end \$ Millions	high end \$ Millions
Life Line	100	100
Link-up	50	50
Carrier Common Ln	0	4000
Long Term Support	300	300
Schools/Libraries	100	2000
Rural Health Care	100	500
High Cost	750	14000
Total Estimate	1400	20950

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COST MODELS

Objective: To determine size of fund &
which areas need support

- BCM2
- Hatfield
- Pac Tel

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PROCEDURAL SCHEDULE

1996 Act Signed	February 8, 1996
NPRM Issues to JtBrd	March 8, 1996
JtBrd Meetings	April 12, 1996
	June 5, 1996
	September 13, 1996
	October 17, 1996
	November 7, 1996
JtBrd Recmndtn Due	November 8, 1996
FCC Order Due	May 8, 1996/7

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ADMINISTRATION OF SUPPORT MECHANISMS

- PRINCIPLES & GOALS
- WHO SHOULD CONTRIBUTE
- CONTRIBUTION METHODOLOGIES
 - GROSS REVENUES
 - REVENUE NET OF PAYM'TS TO OTHER CARRIERS
 - INTERSTATE REVENUE BASE
 - UNSEPARATED REVENUE BASE
 - PER LINE UNIT
 - PER MINUTE UNIT
 - ALTERNATIVES METHODS
- WHO SHOULD ADMINISTER

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**"AS WE DESIGN A NEW MECHANISM TO GOVERN THE
DELIVERY OF SERVICES
IN THE 21ST CENTURY, WE MUST BE CAREFUL TO
MAINTAIN THE BENEFITS
OF TODAY'S SYSTEM"**

- SENATOR PRESSLER, SOUTH DAKOTA IN 1994

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